



Technical information: (202) 691-5870
<http://www.bls.gov/jlt/>

USDL 06-1585

Media contact: 691-5902

For release: 10:00 A.M. EDT
Tuesday, September 12, 2006

JOB OPENINGS AND LABOR TURNOVER: JULY 2006

The job openings, hires, and total separations rates were essentially unchanged in July, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. This release includes estimates of the number and rate of job openings, hires, and separations for the total nonfarm sector by industry and geographic region.

Chart 1. Job openings rate, seasonally adjusted,
Percent August 2003 - July 2006

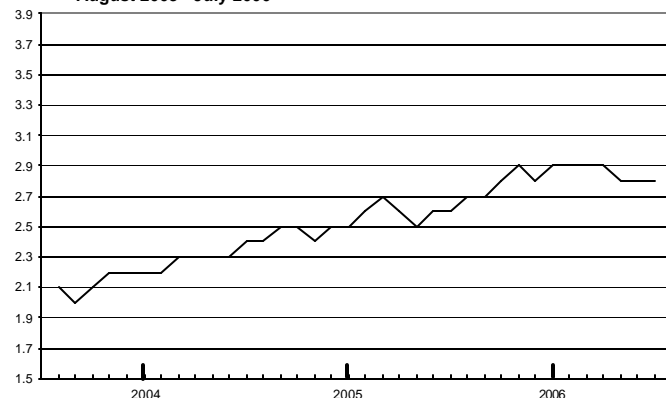
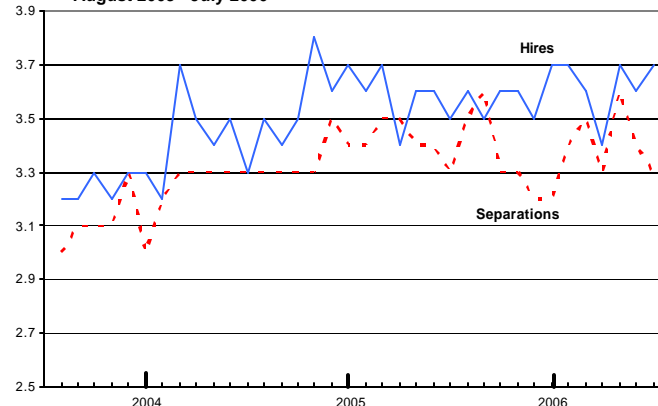


Chart 2. Hires and separations rates, seasonally adjusted,
Percent August 2003 - July 2006



Job Openings

On the last business day of July 2006, there were 3.8 million job openings in the United States, and the job openings rate was 2.8 percent. The job openings rate was unchanged over the month and has been little changed since November 2005. In July, the job openings rate increased in government. There were no significant decreases in the job openings rate in any industry or region. The industries with the highest seasonally adjusted job openings rates in July 2006 were education and health services (3.6 percent), leisure and hospitality (3.4 percent), and professional and business services (3.3 percent). (See table 1.)

Over the year, the job openings rate increased in transportation, warehousing, and utilities; information; health care and social assistance; state and local government; and the West region. The job openings rate declined significantly over the year in the arts, entertainment, and recreation industry. (See table 5.)

Hires

The hires rate was essentially unchanged at 3.7 percent in July. Hires are any additions to the payroll during the month. In July, the hires rate increased in education and health services and in the Northeast region

Table A. Job openings, hires, and total separations by industry, seasonally adjusted

Industry	Job openings			Hires			Total separations		
	July 2005	June 2006	July 2006 ^p	July 2005	June 2006	July 2006 ^p	July 2005	June 2006	July 2006 ^p
Levels (in thousands)									
Total ¹	3,580	3,960	3,844	4,727	4,899	4,949	4,464	4,631	4,447
Total private ¹	3,162	3,476	3,354	4,430	4,508	4,623	4,186	4,299	4,143
Construction	120	161	157	374	366	367	378	324	435
Manufacturing	281	301	304	335	378	379	389	370	363
Trade, transportation, and utilities	625	640	622	1,010	1,099	1,050	977	1,082	953
Professional and business services	643	616	591	909	905	878	804	755	702
Education and health services	598	659	662	448	465	536	405	424	403
Leisure and hospitality	450	487	466	838	846	840	792	802	823
Government	418	467	490	327	392	345	275	315	297
Rates (percent)									
Total ¹	2.6	2.8	2.8	3.5	3.6	3.7	3.3	3.4	3.3
Total private ¹	2.8	3.0	2.9	4.0	4.0	4.1	3.7	3.8	3.7
Construction	1.6	2.1	2.1	5.1	4.9	4.9	5.2	4.3	5.8
Manufacturing	1.9	2.1	2.1	2.4	2.7	2.7	2.7	2.6	2.5
Trade, transportation, and utilities	2.4	2.4	2.3	3.9	4.2	4.0	3.8	4.2	3.7
Professional and business services	3.7	3.4	3.3	5.4	5.2	5.1	4.8	4.4	4.0
Education and health services	3.3	3.6	3.6	2.6	2.6	3.0	2.3	2.4	2.3
Leisure and hospitality	3.4	3.6	3.4	6.5	6.5	6.4	6.2	6.2	6.3
Government	1.9	2.1	2.2	1.5	1.8	1.6	1.3	1.4	1.4

¹ Includes natural resources and mining, information, financial activities, and other services, not shown separately.
p = preliminary.

and declined in government. The seasonally adjusted hires rate was highest in the leisure and hospitality industry (6.4 percent). (See table 2.)

From July 2005 to July 2006, the hires rate rose in nondurable goods manufacturing, information, finance and insurance, real estate rental and leasing, and health care and social assistance. The hires rate declined in natural resources and mining over the year. The hires rate did not change significantly over the year in any geographic region. (See table 6.)

Separations

The total separations, or turnover, rate was little changed at 3.3 percent in July. Separations are terminations of employment that occur at any time during the month. In July, the total separations rate increased in construction and in the Midwest region and declined in trade, transportation, and utilities and in the South and West regions. (See table 3.)

Total separations include quits (voluntary separations), layoffs and discharges (involuntary separations), and other separations (including retirements). The quits rate, which can serve as a barometer of workers'

ability to change jobs, was about unchanged at 1.9 percent in July. The quits rate decreased in leisure and hospitality and in the South region. In July, the seasonally adjusted quits rate was highest in the leisure and hospitality industry (4.2 percent), which also had the highest hires rate. (See table 4.)

Over the year, the quits rate grew in transportation, warehousing, and utilities; information; real estate rental and leasing; and state and local government. The quits rate declined in federal government. The quits rate did not change significantly over the year in any geographic region. (See table 8.)

The other two components of total separations—layoffs and discharges, and other separations—are not seasonally adjusted. From July 2005 to July 2006, the layoffs and discharges rate was about unchanged at 1.0 percent. For July 2006, the construction industry had the highest layoffs and discharges rate (2.6 percent). From July 2005 to July 2006, the other separations rate increased to 0.3 percent. (See tables 9 and 10.)

Flows in the Labor Market

Hires and separations data help show dynamic flows in the labor market. Over the 12 months ending in July 2006, hires have averaged 4.9 million per month and separations have averaged 4.6 million per month (not seasonally adjusted). The comparable figures for the prior 12-month period were 4.7 million hires and 4.5 million separations. (See the Technical Note for additional information on these measures.)

For More Information

For additional information, please read the Technical Note or visit the JOLTS Web site at <http://www.bls.gov/jlt/>. Additional information about JOLTS also may be obtained by e-mailing Joltsinfo@bls.gov or by calling (202) 691-5870.

The Job Openings and Labor Turnover release for August 2006 is scheduled to be issued on Wednesday, October 11, 2006.

Technical Note

The data for the Job Openings and Labor Turnover Survey (JOLTS) are collected and compiled monthly from a sample of business establishments by the Bureau of Labor Statistics (BLS).

Collection

Each month, data are collected in a survey of business establishments for total employment, job openings, hires, quits, layoffs and discharges, and other separations. Data collection methods include computer-assisted telephone interviewing, touchtone data entry, fax, and mail.

Coverage

The JOLTS program covers all private nonfarm establishments such as factories, offices, and stores, as well as federal, state, and local government entities in the 50 states and the District of Columbia.

Concepts

Industry classification. The industry classifications in this release are in accordance with the 2002 version of the North American Industry Classification System (NAICS). In order to ensure the highest possible quality of data, State Workforce Agencies verify with employers and update, if necessary, the industry code, location, and ownership classification of all establishments on a 3-year cycle. Changes in establishment characteristics resulting from the verification process are always introduced into the JOLTS sampling frame with the data reported for the first month of the year.

Employment. Employment includes persons on the payroll who worked or received pay for the pay period that includes the 12th day of the reference month. Full-time, part-time, permanent, short-term, seasonal, salaried, and hourly employees are included, as are employees on paid vacations or other paid leave. Proprietors or partners of unincorporated businesses, unpaid family workers, or persons on leave without pay or on strike for the entire pay period, are not counted as employed. Employees of temporary help agencies, employee leasing companies, outside contractors, and consultants are counted by their employer of record, not by the establishment where they are working.

Job openings. Establishments submit job openings information for the last business day of the reference month. A job opening requires that: 1) a specific position exists and there is work available for that position, 2) work could start within 30 days regardless of whether a suitable candidate is found, and 3) the employer is actively recruiting from outside the establishment to fill the position. Included are full-time, part-time, permanent, short-term, and seasonal openings. Active recruiting means that the establishment is taking steps to fill a position by advertising in newspapers or on the Internet, posting help-wanted signs, accepting applications, or using other similar methods.

Jobs to be filled only by internal transfers, promotions, demotions, or recall from layoffs are excluded. Also excluded

are jobs with start dates more than 30 days in the future, jobs for which employees have been hired but have not yet reported for work, and jobs to be filled by employees of temporary help agencies, employee leasing companies, outside contractors, or consultants. The job openings rate is computed by dividing the number of job openings by the sum of employment and job openings and multiplying that quotient by 100.

Hires. Hires are the total number of additions to the payroll occurring at any time during the reference month, including both new and rehired employees, full-time and part-time, permanent, short-term, and seasonal employees, employees recalled to the location after a layoff lasting more than 7 days, on-call or intermittent employees who returned to work after having been formally separated, and transfers from other locations. The hires count does not include transfers or promotions within the reporting site, employees returning from strike, employees of temporary help agencies or employee leasing companies, outside contractors, or consultants. The hires rate is computed by dividing the number of hires by employment and multiplying that quotient by 100.

Separations. Separations are the total number of terminations of employment occurring at any time during the reference month, and are reported by type of separation—quits, layoffs and discharges, and other separations. Quits are voluntary separations by employees (except for retirements, which are reported as other separations). Layoffs and discharges are involuntary separations initiated by the employer and include layoffs with no intent to rehire, formal layoffs lasting or expected to last more than 7 days, discharges resulting from mergers, downsizing, or closings, firings or other discharges for cause, terminations of permanent or short-term employees, and terminations of seasonal employees. Other separations include retirements, transfers to other locations, deaths, and separations due to disability. Separations do not include transfers within the same location or employees on strike.

The separations rate is computed by dividing the number of separations by employment and multiplying that quotient by 100. The quits, layoffs and discharges, and other separations rates are computed similarly, dividing the number by employment and multiplying by 100.

Annual estimates. Annual estimates of rates and levels of hires, quits, layoffs and discharges, other separations, and total separations are released with the January news release each year.

The JOLTS annual level estimates for hires, quits, layoffs and discharges, other separations, and total separations are the sum of the 12 published monthly levels. The annual rate estimates are computed by dividing the annual level by the Current Employment Statistics (CES) annual average employment level, and multiplying that quotient by 100. This figure will be approximately equal to the sum of the 12 monthly rates. Note that both the JOLTS and CES annual levels are rounded to the nearest thousand before the annual estimates are calculated. Consistent with BLS practices, annual estimates will be published only for not seasonally adjusted data.

Annual estimates are not calculated for job openings because job openings are a stock, or point-in-time, measurement for the last business day of each month. Only jobs still open on the last day of the month are counted. For the same reason job openings cannot be cumulated throughout each month, annual figures for job openings cannot be created by summing the monthly estimates. Hires and separations are flow measures and are cumulated over the month with a total reported for the month. Therefore, the annual figures can be created by summing the monthly estimates.

Sample methodology

The JOLTS sample design is a random sample of 16,000 nonfarm business establishments, including factories, offices, and stores, as well as federal, state, and local governments in the 50 states and the District of Columbia. The establishments are drawn from a universe of over eight million establishments compiled as part of the operations of the Quarterly Census of Employment and Wages, or QCEW, program. This program includes all employers subject to state Unemployment Insurance (UI) laws and federal agencies subject to Unemployment Compensation for Federal Employees (UCFE).

The sampling frame is stratified by ownership, region, industry sector, and size class. Large firms fall into the sample with virtual certainty. JOLTS total employment estimates are controlled to the employment estimates of the Current Employment Statistics (CES) survey. A ratio of CES to JOLTS employment is used to adjust the levels for all other JOLTS data elements. Rates are then computed from the adjusted levels.

Using JOLTS data

The JOLTS data series on job openings, hires, and separations are relatively new. The full sample is divided into panels, with one panel enrolled each month. A full complement of panels for the original data series based on the 1987 Standard Industrial Classification (SIC) system was not completely enrolled in the survey until January 2002. The supplemental panels of establishments needed to create NAICS estimates were not completely enrolled until May 2003. The data collected up until those points are from less than a full sample. Therefore, estimates from earlier months should be used with caution, as fewer sampled units were reporting data at that time.

In March 2002, BLS procedures for collecting hires and separations data were revised to address possible underreporting. As a result, JOLTS hires and separations estimates for months prior to March 2002 may not be comparable with estimates for March 2002 and later.

The federal government reorganization that involved transferring approximately 180,000 employees to the new Department of Homeland Security is not reflected in the JOLTS hires and separations estimates for the federal government. The Office of Personnel Management's record shows these transfers were completed in March 2003. The inclusion of

transfers in the JOLTS definitions of hires and separations is intended to cover ongoing movements of workers between establishments. The Department of Homeland Security reorganization was a massive one-time event, and the inclusion of these intergovernmental transfers would distort the federal government time series.

Seasonal adjustment

BLS seasonally adjusts several JOLTS series using the X-12-ARIMA seasonal adjustment program. Seasonal adjustment is the process of estimating and removing periodic fluctuations caused by events such as weather, holidays, and the beginning and ending of the school year. Seasonal adjustment makes it easier to observe fundamental changes in the level of the series, particularly those associated with general economic expansions and contractions. A concurrent seasonal adjustment methodology is used in which new seasonal adjustment factors are calculated each month, using all relevant data, up to and including the data for the current month.

Data users should note that seasonal adjustment of the JOLTS series is conducted with fewer data observations than is customary. The historical data, therefore, may be subject to larger than normal revisions. Since the seasonal patterns in economic data series typically emerge over time, the standard use of moving averages as seasonal filters to capture these effects requires longer series than are currently available. As a result, the stable seasonal filter option is used in the seasonal adjustment of the JOLTS data. When calculating seasonal factors, this filter takes an average for each calendar month after detrending the series. The stable seasonal filter assumes that the seasonal factors are fixed; a necessary assumption until sufficient data are available. When the stable seasonal filter is no longer needed, other program features also may be introduced, such as outlier adjustment and extended diagnostic testing. Additionally, it is expected that more series, such as layoffs and discharges and additional industries, may be seasonally adjusted when more data are available.

Reliability of the estimates

JOLTS estimates are subject to both sampling and nonsampling error. When a sample rather than the entire population is surveyed, there is a chance that the sample estimates may differ from the "true" population values they represent. The exact difference, or sampling error, varies depending on the particular sample selected, and this variability is measured by the standard error of the estimate. BLS analysis is generally conducted at the 90-percent level of confidence. That means that there is a 90-percent chance, or level of confidence, that an estimate based on a sample will differ by no more than 1.6 standard errors from the "true" population value because of sampling error. Estimates of sampling errors are available upon request.

The JOLTS estimates also are affected by nonsampling error. Nonsampling error can occur for many reasons, including the failure to include a segment of the population, the inability to obtain data from all units in the sample, the inability or unwillingness of respondents to provide data on a timely basis, mistakes made by respondents, errors made in the collection or processing of the data, and errors from the employment benchmark data used in estimation.

JOLTS hires and separations estimates cannot be used to exactly explain net changes in nonfarm payroll employment. Some reasons why it is problematic to compare changes in payroll employment with JOLTS hires and separations, especially on a monthly basis, are: 1) the reference period for payroll employment is the pay period including the 12th of the

month, while the reference period for hires and separations is the calendar month; and 2) payroll employment can vary from month to month simply because part-time and on-call workers may not always work during the pay period that includes the 12th of the month. Additionally, research has found that some reporters systematically underreport separations relative to hires due to a number of factors, including the nature of their payroll systems and practices. The shortfall appears to be about 2 percent or less over a 12-month period.

Other information

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; TDD message referral phone: 1-800-877-8339.